

SERFF Tracking Number: MRKA-128015914 State: Arkansas  
Filing Company: Markel American Insurance Company State Tracking Number:  
Company Tracking Number: ARSDFRR-121  
TOI: 30.0 Homeowners/Auto Combinations Sub-TOI: 30.0000 Homeowner/Auto Combinations  
Product Name: Special Dwelling Fire  
Project Name/Number: /

## Filing at a Glance

Company: Markel American Insurance Company

Product Name: Special Dwelling Fire SERFF Tr Num: MRKA-128015914 State: Arkansas

TOI: 30.0 Homeowners/Auto Combinations SERFF Status: Closed-Filed State Tr Num:

Sub-TOI: 30.0000 Homeowner/Auto Co Tr Num: ARSDFRR-121 State Status:

Combinations

Filing Type: Rate Reviewer(s): Becky Harrington

Authors: Lisa Schuppner, Sue Cisz Disposition Date: 02/01/2012

Date Submitted: 01/23/2012 Disposition Status: Filed

Effective Date Requested (New): 02/16/2012 Effective Date (New): 02/16/2012

Effective Date Requested (Renewal): 04/26/2012 Effective Date (Renewal): 04/26/2012

State Filing Description:

referred to Commissioner 1/27/12.

## General Information

Project Name: Status of Filing in Domicile: Not Filed

Project Number: Domicile Status Comments: This program is not available in our domicile.

Reference Organization: Reference Number:

Reference Title: Advisory Org. Circular:

Filing Status Changed: 02/01/2012

State Status Changed: 01/30/2012

Created By: Lisa Schuppner

Deemer Date:

Corresponding Filing Tracking Number:

Submitted By: Sue Cisz

Filing Description:

We enclose a final print rate revision to our current Special Dwelling Fire program. The last program revision, with a rate impact, was filed by your department and implemented with effective dates of March 23, 2011, for new business and April 26, 2011, for renewals under our file ARSDFRR-101 and SERFF file MRKA-126945452. All 2012 changes are listed below.

### 1. Rate Page 1

The owner occupied base rates are increased by 15%.

<i>SERFF Tracking Number:</i>	<i>MRKA-128015914</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Markel American Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ARSDFRR-121</i>		
<i>TOI:</i>	<i>30.0 Homeowners/Auto Combinations</i>	<i>Sub-TOI:</i>	<i>30.0000 Homeowner/Auto Combinations</i>
<i>Product Name:</i>	<i>Special Dwelling Fire</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## 2. Rate Page 1

The rental/seasonal base rates are increased by 10%.

The overall rate change is 9.9%, compared to an indicated rate change of 48.2%.

We submit these program changes using your "file and use" statutes with an effective date of February 16, 2012 for new business and March 22, 2012 for renewals. We understand this filing to be deemed approved if not disapproved within this time period. If you have any questions or concerns regarding this filing, please contact us.

## Company and Contact

### Filing Contact Information

Lisa Schuppner, Senior Regulatory Compliance LSCHUPP@MARKELCORP.COM  
P.O. Box 906 800-236-2862 [Phone] 3207 [Ext]  
N14W23833 Stone Ridge Dr 262-548-9790 [FAX]  
Pewaukee, WI 53072-0906

### Filing Company Information

Markel American Insurance Company	CoCode: 28932	State of Domicile: Virginia
P.O. Box 906	Group Code: 785	Company Type: Insurance Company
N14 W23800	Group Name:	State ID Number:
Pewaukee, WI 53072-0906	FEIN Number: 54-1398877	
(800) 236-2862 ext. [Phone]		

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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	\$100 per rate filing.

Our domicile of Virginia does not charge rate filing fees.

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Markel American Insurance Company	\$100.00	01/23/2012	55703947

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	02/01/2012	02/01/2012
<b>Objection Letters and Response Letters</b>			

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	01/30/2012	01/30/2012	Lisa Schuppner	01/31/2012	01/31/2012
No response necessary	Becky Harrington	01/27/2012	01/27/2012			
Pending Industry Response	Becky Harrington	01/25/2012	01/25/2012	Lisa Schuppner	01/25/2012	01/25/2012

SERFF Tracking Number: MRKA-128015914  
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TOI: 30.0 Homeowners/Auto Combinations  
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State: Arkansas  
State Tracking Number:  
Sub-TOI: 30.0000 Homeowner/Auto Combinations

## Disposition

Disposition Date: 02/01/2012  
Effective Date (New): 02/16/2012  
Effective Date (Renewal): 04/26/2012  
Status: Filed  
Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Markel American Insurance Company	48.200%	9.900%	\$19,424	270	\$196,202	15.100%	6.600%

SERFF Tracking Number: MRKA-128015914 State: Arkansas

Filing Company: Markel American Insurance Company State Tracking Number:

Company Tracking Number: ARSDFRR-121

TOI: 30.0 Homeowners/Auto Combinations Sub-TOI: 30.0000 Homeowner/Auto Combinations

Product Name: Special Dwelling Fire

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	A-1 Private Passenger Auto Abstract		Yes
Supporting Document	APCS-Auto Premium Comparison Survey		Yes
Supporting Document	Support	Filed	Yes
Rate	Rule Pages	Filed	Yes

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*Filing Company:*      *Markel American Insurance Company*      *State Tracking Number:*  
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*TOI:*      *30.0 Homeowners/Auto Combinations*      *Sub-TOI:*      *30.0000 Homeowner/Auto Combinations*  
*Product Name:*      *Special Dwelling Fire*  
*Project Name/Number:*      */*

## **Objection Letter**

Objection Letter Status      Pending Industry Response

Objection Letter Date      01/30/2012

Submitted Date      01/30/2012

Respond By Date

Dear Lisa Schuppner,

The Commissioner will allow the requested increase, however, please amend the renewal effective date to 4/26/12 or later.

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

Sincerely,

Becky Harrington

SERFF Tracking Number: MRKA-128015914 State: Arkansas  
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TOI: 30.0 Homeowners/Auto Combinations Sub-TOI: 30.0000 Homeowner/Auto Combinations  
Product Name: Special Dwelling Fire  
Project Name/Number: /

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/31/2012
Submitted Date	01/31/2012

Dear Becky Harrington,

### Comments:

Thank you for your prompt review of our filing.

### Response 1

Comments: As requested, we will revise our renewal effective date to 4/26/2012. A post-submission update will be submitted today.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We look forward to receiving your department's acknowledgment. Please contact us if you have further questions or concerns regarding this filing.

Sincerely,  
Lisa Schuppner, Sue Cisz

SERFF Tracking Number: MRKA-128015914 State: Arkansas  
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Product Name: Special Dwelling Fire  
Project Name/Number: /

## Objection Letter

Objection Letter Status No response necessary

Objection Letter Date 01/27/2012

Submitted Date 01/27/2012

Respond By Date

Dear Lisa Schuppner,

This will acknowledge receipt of the recent response.

Rate change requests greater than 6% are referred to the Commissioner for review. No response is necessary at this time. The filing may not be implemented until his review is complete.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

NOTICE regarding, corrections to filings and scrivener's Errors:

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Sincerely,

Becky Harrington



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Product Name: Special Dwelling Fire  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/25/2012

Submitted Date 01/25/2012

Respond By Date

Dear Lisa Schuppner,

This will acknowledge receipt of the captioned filing.

Objection 1

- Support (Supporting Document)

Comment: Page 3 contains errors. Please provide the correct data.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

Sincerely,

Becky Harrington

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Product Name: Special Dwelling Fire  
Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/25/2012  
Submitted Date 01/25/2012

Dear Becky Harrington,

### Comments:

Thank you for your prompt review of our filing.

### Response 1

Comments: Your objection did not identify the Support file with the error on page, although we anticipate that you are questioning page 3 of the AR DF Indications.pdf. The #N/A references appear on the All Coverages page of the indications because we look at the rates by party. We do not have an overall cat load and we do not apply a cat load to third party rates. The All Coverages page is merely a summary of the first party and third party pages.

### Related Objection 1

Applies To:

- Support (Supporting Document)

Comment:

Page 3 contains errors. Please provide the correct data.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We look forward to receiving your department's acknowledgment. Please contact us if you have further questions or concerns regarding this filing.

Sincerely,

Lisa Schuppner, Sue Cisz

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**Post Submission Update Request Processed On 02/01/2012**

**Status:** Allowed  
**Created By:** Lisa Schuppner  
**Processed By:** Becky Harrington  
**Comments:**

**General Information:**

Field Name	Requested Change	Prior Value
Effective Date Requested (Renew)	04/26/2012	03/22/2012

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Product Name: Special Dwelling Fire  
Project Name/Number: /

State: Arkansas  
State Tracking Number:  
Sub-TOI: 30.0000 Homeowner/Auto Combinations

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	10.000%
<b>Effective Date of Last Rate Revision:</b>	03/23/2011
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Markel American Insurance Company	48.200%	9.900%	\$19,424	270	\$196,202	15.100%	6.600%

<i>SERFF Tracking Number:</i>	<i>MRKA-128015914</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Markel American Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ARSDFRR-121</i>		
<i>TOI:</i>	<i>30.0 Homeowners/Auto Combinations</i>	<i>Sub-TOI:</i>	<i>30.0000 Homeowner/Auto Combinations</i>
<i>Product Name:</i>	<i>Special Dwelling Fire</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 02/01/2012 Rule Pages		1	New	2012 AR SDF Rate Pages 1.pdf

# ARKANSAS DWELLING FIRE PROGRAM

## DP-1 Base Rates

Limit of Liability	DP-1 Coverage A
\$1,000	0.665
2,000	0.665
3,000	0.665
4,000	0.665
5,000	0.665
6,000	0.665
7,000	0.665
8,000	0.665
9,000	0.665
10,000	0.665
11,000	0.700
12,000	0.735
13,000	0.765
14,000	0.800
15,000	0.835
16,000	0.865
17,000	0.900
18,000	0.935
19,000	0.970
20,000	1.000
21,000	1.035
22,000	1.070
23,000	1.100
24,000	1.135
25,000	1.170
26,000	1.204
27,000	1.235
28,000	1.270
29,000	1.304
30,000	1.335
31,000	1.370
32,000	1.404
33,000	1.439
34,000	1.470
35,000	1.504
36,000	1.539
37,000	1.574
38,000	1.604
39,000	1.639
40,000	1.674
41,000	1.704
42,000	1.739
43,000	1.774
44,000	1.809
45,000	1.839
46,000	1.874
47,000	1.909
48,000	1.939
49,000	1.974

Limit of Liability	DP-1 Coverage A
50,000	2.009
51,000	2.043
52,000	2.074
53,000	2.109
54,000	2.143
55,000	2.178
56,000	2.209
57,000	2.243
58,000	2.278
59,000	2.309
60,000	2.346
61,000	2.385
62,000	2.424
63,000	2.463
64,000	2.502
65,000	2.541
66,000	2.580
67,000	2.619
68,000	2.658
69,000	2.697
70,000	2.736
71,000	2.775
72,000	2.814
73,000	2.853
74,000	2.892
75,000	2.931
76,000	2.970
77,000	3.009
78,000	3.048
79,000	3.087
80,000	3.126
81,000	3.165
82,000	3.204
83,000	3.243
84,000	3.282
85,000	3.321
86,000	3.360
87,000	3.399
88,000	3.438
89,000	3.477
90,000	3.516
91,000	3.555
92,000	3.594
93,000	3.633
94,000	3.672
95,000	3.711
96,000	3.750
97,000	3.789
98,000	3.828

Limit of Liability	DP-1 Coverage A
99,000	3.867
100,000	3.906
101,000	3.945
102,000	3.984
103,000	4.023
104,000	4.062
105,000	4.101
106,000	4.140
107,000	4.179
108,000	4.218
109,000	4.257
110,000	4.296
111,000	4.335
112,000	4.374
113,000	4.413
114,000	4.452
115,000	4.491
116,000	4.530
117,000	4.569
118,000	4.608
119,000	4.647
120,000	4.686
Each Add'l \$1,000, add	0.039

## Owner Occupied Base Rates

PC	DP-1
1-3	358
4-6	358
7-8	501
9-10	859

## Rental Base Rates

PC	DP-1
1-3	294
4-6	294
7-8	412
9-10	706

## Territory Relativities

A	1.00
B	1.40

## Construction Relativities

Frame	1.00
Masonry	0.90

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Product Name:	Special Dwelling Fire		
Project Name/Number:	/		

## Supporting Document Schedules

		Item Status:	Status Date:
<b>Bypassed - Item:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		
<b>Bypass Reason:</b>	Not applicable to this independent rate/rule filing.		
<b>Comments:</b>			
		Item Status:	Status Date:
<b>Satisfied - Item:</b>	NAIC loss cost data entry document	Filed	02/01/2012
<b>Comments:</b>			
<b>Attachment:</b>			
Ar RF-1 SDF Paragon.pdf			
		Item Status:	Status Date:
<b>Bypassed - Item:</b>	H-1 Homeowners Abstract		
<b>Bypass Reason:</b>	Not applicable to this dwelling fire program.		
<b>Comments:</b>			
		Item Status:	Status Date:
<b>Bypassed - Item:</b>	HPCS-Homeowners Premium Comparison Survey		
<b>Bypass Reason:</b>	Not applicable to this dwelling fire program.		
<b>Comments:</b>			
		Item Status:	Status Date:
<b>Bypassed - Item:</b>	A-1 Private Passenger Auto Abstract		
<b>Bypass Reason:</b>	Not applicable to this Dwelling Fire and Personal Liability combination.		

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**Comments:**

**Item Status:**

**Status**

**Date:**

**Bypassed - Item:** APCS-Auto Premium Comparison  
Survey

**Bypass Reason:** Not applicable to this Dwelling Fire and Personal Liability combination.

**Comments:**

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Support

Filed

02/01/2012

**Comments:**

**Attachments:**

2012 AR SDF Offbal.pdf

AR DF Indications.pdf

AR DF Cat Load.pdf

Loss and Expense Ratios Exhibit.pdf

Exhibit IV.pdf

Peer thru 2010.pdf



## FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

Form RF-1

1.	This filing transmittal is part of Company Tracking #		ARSDFRR-121	Rev. 4/96
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number		Not applicable.	
Company Name				
Company NAIC Number				
3.	A.	Markel American Insurance Company	B.	28932
Product Coding Matrix Line of Business (i.e., Type of Insurance)			Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
4.	A.	30.0 Homeowner/Auto Combinations	B.	30.1000 Dwelling Fire/Personal Liability

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Owner Occupied - Base Rate	51.5%	15%					
Rental/Seasonal - Base Rate	51.5%	10%					
Vacant - Base Rate	51.5%	0%					
TOTAL OVERALL EFFECT	48.2%	9.9%					

## 6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2011	275	10.0%	3/23/2011	212,056	172,908	81.50%	52.2%
2010	317	0.00%	n/a	217,643	122,498	56.30%	60.3%
2009	328	18.26%	4/1/2009	215,860	335,493	155.40%	57.70%
2008	325	0.0%	n/a	176,632	332,088	188.00%	74.50%
2007	234	0.0%	n/a	58,957	3,020	5.10%	42.70%

## 7.

Expense Constants	Selected Provisions
A. Total Production Expense	23.7%
B. General Expense + ULAE	15.1%
C. Taxes, License & Fees	1.5%
D. Underwriting Profit & Contingencies	11%
E. Other (explain)--Invstmt Inc.	1.33%
F. TOTAL	50.0%

8. N Apply Lost Cost Factors to Future Filings? (Y or N)

9. 15.1% Estimated Maximum Rate Increase for any Arkansas Insured (%) Territory (if applicable):

10. 0% Estimated Maximum Rate Decrease for any Arkansas Insured (%) Territory (if applicable)

Primary risk with dwelling only coverage

No decreases.

## Arkansas Dwelling Fire Program Offbalance

### Primary

Coverage	W/P	% Change	Impact
Dwelling	54,656	1.15	8,198
Other Structures	582	1.00	0
Contents	8,427	1.00	0
ALE/Loss of Use	998	1.00	0
Personal Liability	3,005	1.00	0
Medical Payments	50	1.00	0
Misc	1,607	1.00	0
<b>Totals</b>	<b>69,325</b>		<b>8,198</b>

### Seasonal

Coverage	W/P	% Change	Impact
Dwelling	4,327	1.10	433
Other Structures	0	1.00	0
Contents	158	1.00	0
ALE/Loss of Use	0	1.00	0
Personal Liability	255	1.00	0
Medical Payments	0	1.00	0
Misc	71	1.00	0
<b>Totals</b>	<b>4,811</b>		<b>433</b>

### Rental

Coverage	W/P	% Change	Impact
Dwelling	107,683	1.10	10,768
Other Structures	340	1.00	0
Contents	509	1.00	0
ALE/Loss of Use	15	1.00	0
Personal Liability	9,336	1.00	0
Medical Payments	115	1.00	0
Misc	2,841	1.00	0
<b>Totals</b>	<b>120,839</b>		<b>10,768</b>

### Vacant

Coverage	W/P	% Change	Impact
Dwelling	1,135	1.00	0
Other Structures	0	1.00	0
Contents	15	1.00	0
ALE/Loss of Use	0	1.00	0
Personal Liability	0	1.00	0
Medical Payments	0	1.00	0
Misc	77	1.00	0
<b>Totals</b>	<b>1,227</b>		<b>0</b>

Overall Rate Impact

**9.9%**

MARKEL AMERICAN INSURANCE COMPANY

2011 RATE INDICATION

DWELLING FIRE

Arkansas

RESULTS INCLUDING 2011

I. 1ST PARTY

	Cal/Acc Year					
	2007	2008	2009	2010	2011	Total
(a) Earned Premium	59,355	161,889	199,762	151,166	199,885	772,057
(b) Factor to Current Rate Level	1.301	1.301	1.255	1.112	1.076	
Premium at Current Rate Level	77,213	210,595	250,695	168,031	215,069	921,602
Reported Incurred Losses (Non Cat)	28,879	220,946	184,456	98,343	62,112	594,736
(c) Development Factor	1.004	1.006	1.019	1.019	1.431	
Ultimate Inc Losses (Non Cat), INC LDF method	28,995	222,272	187,961	100,212	88,882	628,321
BF a priori	60.0%	60.0%	60.0%	65.0%	70.0%	
Ultimate Inc Losses (Non Cat), INC BF method	29,021	221,525	186,691	100,175	104,254	641,666
(d) Selected Non Catastrophe Losses	28,995	222,272	187,961	100,182	104,254	643,663
(e) Trend Factor	1.119	1.097	1.075	1.054	1.036	
Ult. Trended Incurred Losses (Non Cat)	32,439	243,800	202,123	105,619	108,020	692,001
Ult. Trended Loss Ratio- Non Cat	42.0%	115.8%	80.6%	62.9%	50.2%	75.1%
Reported Claims	5	59	48	12	7	131
(f) Credibility Factor for Non Cat						0.348
(g) Expected Loss Ratio for Non Cat						4.0%
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						28.7%
(h) Catastrophe Load						47.0%
Total Non Cat + Cat Credibility Weighted Loss Ratio						75.7%
Indicated Cat + Non Cat Rate Change						51.5%

NOTES:

(a) 2011 premium has been annualized using a factor of 12/9

(b) Rate change history is as follows:

04/15/03	0.0%
01/01/04	0.0%
02/01/05	0.0%
05/15/09	18.3%
05/02/11	10.0%
01/00/00	0.0%

(c) Dev factors are based on countrywide data.

(d) Selection Weights: Year 2011 is 100% BF; Year 2010 is 80% BF, 20% LDF; All other years are 100% LDF.

(e) Assumed effective date is 3/1/2012.  
The trend rate is 2.0%

(f) Standard for full credibility is 1,082 claims, given that we want to be within 5% of the true answer 90% of the time.

(g) The permissible loss ratio is 50.0%.  
The expected loss ratio is the permissible trended for one year.

(h) Catastrophe Load based on state experience

MARKEL AMERICAN INSURANCE COMPANY

2011 RATE INDICATION

DWELLING FIRE

Arkansas

II. 3RD PARTY

	Cal/Acc Year					
	2007	2008	2009	2010	2011	Total
(a) Earned Premium	4,286	12,635	16,129	11,025	15,279	59,354
(b) Factor to Current Rate Level	1.000	1.000	1.000	1.000	1.000	
Premium at Current Rate Level	4,286	12,635	16,129	11,025	15,279	59,354
Reported Incurred Losses (Non Cat)	0	665	23,000	0	492	24,157
(c) Development Factor	1.004	1.006	1.019	1.019	1.431	
Ultimate Inc Losses (Non Cat), INC LDF method	0	669	23,437	0	704	24,810
BF a priori	60.0%	60.0%	60.0%	65.0%	70.0%	
Ultimate Inc Losses (Non Cat), INC BF method	10	710	23,180	134	3,713	27,748
(d) Selected Non Catastrophe Losses	0	669	23,437	107	3,713	27,926
(e) Trend Factor	1.119	1.097	1.075	1.054	1.036	
Ult. Trended Incurred Losses (Non Cat)	0	734	25,203	113	3,847	29,897
Ult. Trended Loss Ratio- Non Cat	0.0%	5.8%	156.3%	1.0%	25.2%	50.4%
Reported Claims	0	1	1	0	1	3
(f) Credibility Factor for Non Cat						0.053
(g) Expected Loss Ratio for Non Cat						51.0%
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						51.0%
(h) Catastrophe Load						0.0%
Total Non Cat + Cat Credibility Weighted Loss Ratio						51.0%
Indicated Cat + Non Cat Rate Change						1.9%

NOTES:

(a) 2011 premium has been annualized using a factor of 12/9

(b) Rate change history is as follows:

04/15/03	0.0%
01/01/04	0.0%
02/01/05	0.0%
05/15/09	0.0%
05/02/11	0.0%
01/00/00	0.0%

(c) Dev factors are based on countrywide data.

(d) Selection Weights: Year 2011 is 100% BF; Year 2010 is 80% BF, 20% LDF; All other years are 100% LDF.

(e) Assumed effective date is 3/1/2012.  
The trend rate is 2.0%

(f) Standard for full credibility is 1,082 claims, given that we want to be within 5% of the true answer 90% of the time.

(g) The permissible loss ratio is 50.0%.  
The expected loss ratio is the permissible trended for one year.

(h) Catastrophe Load based on state experience  
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MARKEL AMERICAN INSURANCE COMPANY

2011 RATE INDICATION

DWELLING FIRE

Arkansas

V. ALL COVERAGES

	Cal/Acc Year					
	2007	2008	2009	2010	2011	Total
Earned Premium	63,641	174,524	215,891	162,191	215,164	831,411
Implied Fac to Curr Rate Level	1.281	1.279	1.236	1.104	1.071	
Premium at Current Rate Level	81,499	223,230	266,824	179,056	230,348	980,956
Reported Incurred Losses (Non Cat)	28,879	221,611	207,456	98,343	62,604	618,893
Development Factor	1.004	1.006	1.019	1.020	1.725	
Ultimate Inc Losses (Non Cat), INC LDF method	28,995	222,941	211,398	100,289	107,967	671,589
Implied Trend Factor	1.119	1.097	1.075	1.054	1.036	
Ult. Trended Incurred Losses (Non Cat)	32,439	244,534	227,326	105,731	111,867	721,898
Ult. Trended Loss Ratio- Non Cat	39.8%	109.5%	85.2%	59.0%	48.6%	73.6%
Reported Claims	5	60	49	12	8	134
Credibility Factor for Non Cat						#N/A
Expected Loss Ratio for Non Cat						#N/A
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						#N/A
Catastrophe Load						#N/A
Total Non Cat + Cat Credibility Weighted Loss Ratio						#N/A
Premium Wtd Indicated Rate Change						48.2%

# Arkansas Dwelling Fire - Cat Load

Year	Cat Loss	All Losses	All Less Cat	Cat Ratio
2007	0	3,020	3,020	0.0000
2008	110,477	332,088	221,611	0.4985
2009	122,774	335,493	212,719	0.5772
2010	1,719	102,665	100,946	0.0170
2011	41,821	104,426	62,605	0.6680
Total	276,791	877,692	600,901	0.4606
			Cat Load	46.1%

Started writing in 2007  
2011 numbers through 3rd quarter

Markel American Underwriting Managers  
Loss and Expense Ratios  
Property

	2011 Budget		2010		2009		2008		2007		2006	
Written Premium	14,300,000		12,211,859		10,809,396		9,402,383		8,047,546		8,813,507	
Earned Premium	13,594,141		11,663,350		10,431,236		8,688,858		8,244,660		9,440,657	
Losses- Indemnity	6,379,227	46.9%	5,717,725	49.0%	6,806,634	65.3%	5,665,709	65.2%	4,107,023	49.8%	4,718,824	50.0%
LAE	951,590	7.0%	681,508	5.8%	950,725	9.1%	783,056	9.0%	561,687	6.8%	789,389	8.4%
ULAE	271,882	2.0%	273,754	2.3%	234,515	2.2%	206,552	2.4%	208,598	2.5%	139,618	1.5%
	7,602,699	55.9%	6,672,987	57.2%	7,991,874	76.6%	6,655,317	76.6%	4,877,308	59.2%	5,647,831	59.8%
Commissions												
Regular	3,361,903	23.5%	2,880,338	23.6%	2,535,923	23.5%	2,208,655	23.5%	1,859,992	23.1%	2,021,544	22.9%
Contingent	18,421	0.1%	(5,181)	0.0%	31,206	0.3%	23,401	0.2%	20,107	0.2%	53,097	0.6%
	3,380,324	23.6%	2,875,157	23.5%	2,567,129	23.7%	2,232,056	23.7%	1,880,099	23.4%	2,074,641	23.5%
Other Acquisition Expense												
Fronting Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Selling Expense	19,391	0.1%	2,652	0.0%	2,047	0.0%	2,449	0.0%	10,469	0.1%	2,967	0.0%
	19,391	0.1%	2,652	0.0%	2,047	0.0%	2,449	0.0%	10,469	0.1%	2,967	0.0%
Premium Taxes & Licenses												
Premium Taxes-Direct	216,428	1.5%	160,471	1.3%	183,893	1.7%	252,221	2.7%	156,880	1.9%	132,293	1.5%
Licenses-Agent Appt. Fees	4,586	0.0%	8,304	0.1%	1,946	0.0%	6,731	0.1%	6,227	0.1%	951	0.0%
	221,014	1.5%	168,775	1.4%	185,839	1.7%	258,952	2.8%	163,107	2.0%	133,244	1.5%
General Expenses	1,878,708	13.1%	1,052,384	8.6%	1,551,710	14.4%	1,413,967	15.0%	1,302,805	16.2%	1,278,335	14.5%

**Markel American Insurance Company  
Essex Insurance Company**

**CALCULATION OF INVESTMENT INCOME  
Calendar Years: 2010 & 2009  
Property**

**UNEARNED PREMIUM**

(1) Direct earned premium Countrywide latest calendar year all lines	\$11,656,282
(2) Mean unearned premiums:	
A. Direct Countrywide unearned premium reserves @ 12/31 latest calendar year	5,580,199
B. Direct Countrywide unearned premium reserves @ 12/31 penultimate calendar year	5,030,260
C. Mean unearned premium 1/2(A+B)	<b>5,305,229</b>
(3) Deduction for delayed remission of premium:	
A. Direct country wide earned premium latest calendar year	89,941,447
B. Direct agents balances @ 12/31 latest calendar year	3,644,697
C. Direct agents balances @ 12/31 penultimate calendar year	3,978,411
D. Mean agents' balances 1/2(B+C)	<b>3,811,554</b>
E. Ratio (D) / (A)	<b>4.24%</b>
F. Deduction for delayed remission of premium (1) * (E)	<b>493,993</b>
(4) Deduction for prepaid expenses:	
A. Net premium earned	11,656,282
B. Commission and brokerage	0.236
C. 50 % of other acquisition cost	0.001
D. 50 % of general expense	0.076
E. Taxes, licenses and fees	0.015
F. Total prepaid expenses (B) + (C) + (D) + (E)	<b>3,825,695</b>
G. Ratio (F) / (A)	<b>32.82%</b>
H. Deduction for prepaid expenses (2C) * (G)	<b>1,741,229</b>
(5) Deduction for federal taxes payable (2C)*7%	<b>371,366</b>
(6) Net subject to investment (2C) - (3F) - (4H) - (5)	<b>2,698,641</b>



## LOSS RESERVES

(7) Expected incurred losses	
(1) * (Balance Point Loss Ratio)	<b>5,658,240</b>
(8) Expected mean loss reserves:	
A. Direct Countrywide loss reserve @12/31 latest calendar year (All Lines)	1,816,356
B. Direct Countrywide loss reserve @12/31 penultimate calendar year	2,069,482
C. Mean loss reserve for latest calendar year 1/2 (A + B)	<b>1,942,919</b>
D. Direct Countrywide incurred losses for latest calendar year	4,659,000
E. Ratio (C) / (D)	<b>41.70%</b>
F. Direct Countrywide loss reserve @12/31 penultimate calendar year	2,069,482
G. Direct Countrywide loss reserve @12/31 antepenultimate calendar year	2,239,080
H. Mean loss reserve for penultimate calendar year 1/2 (F + G)	<b>2,154,281</b>
I. Direct Countrywide incurred losses for penultimate calendar year	7,096,000
J. Ratio (H) / (I)	<b>30.36%</b>
K. Weighted Average of J & E (Based on I & D)	<b>34.85%</b>
L. Expected mean loss reserves (7) * (K)	<b>1,972,123</b>
(9) Expected mean loss and loss adjustment expense reserve	
A. Countrywide net loss reserves @12/31 latest calendar year	1,816,356
B. Countrywide net loss reserves @12/31 penultimate calendar year	2,069,482
C. Mean net loss reserves 1/2 (A + B)	<b>1,942,919</b>
D. Countrywide net loss adjustment expense reserve @12/31 latest calendar year	157,965
E. Countrywide net loss adjustment expense reserve @12/31 penultimate calendar year	227,926
F. Mean net loss adjustment expense reserve 1/2 (D + E)	<b>192,945</b>
G. Ratio 1 + (F / C)	<b>109.93%</b>
H. Expected mean loss and loss adjustment expense reserve (8L) * (G)	<b>2,167,975</b>

**TOTAL****COMBINED**

(10) Total net subject to investment (6) + (9H)	<b>4,866,616</b>
(11) Pre-tax rate of return:	
A. Net investment income for latest calendar year	49,099,495
B. Assets available for investment @12/31 latest calendar year	1,404,884,012
C. Assets available for investment @12/31 penultimate calendar year	1,352,520,392
D. Mean assets available for investment 1/2 (B +C)	<b>1,378,702,202</b>
E. Pre-tax rate of return (A) / (D)	<b>3.56%</b>
F. After tax rate of return on surplus = 11E*(effective tax rate)	<b>3.19%</b>
(12) Investment earnings on total net subject to investment (10) * (11E)	<b>173,300</b>
(13) A. Federal income tax on investment earnings	<b>18,081</b>
B. Adjustment to line (a) due to federal income tax changes	0
C. Net federal income tax on investment earnings (A) +/- (B)	<b>18,081</b>
(14) Average rate of return as a percentage of earned premiums ((12) - (13C) / (1)	<b>1.33%</b>

**Calculation of Profit Provision**

(15) Target rate of return on surplus	0.20
(16) Selected premium to surplus ratio	2
(17) After tax ratio of investment income from reserves to surplus (14*16)	<b>0.027</b>
(18) After tax ratio of investment income from premium to surplus (11F)	0.032
(19) After tax ratio of underwriting profit to surplus (15)-((17)+(18))	<b>0.141</b>
(20) Pre tax ratio of underwriting profit to surplus (19)/(1.0-.35)	<b>0.218</b>
(21) Pre tax ratio of underwriting profit to premium (20)/(16)	<b>0.11</b>
(22) Selected ratio of underwriting profit to premium	0.11

**Calculation of Permissible Loss Ratio**

(23) Underwriting profit needed to meet target rate of return (22)	0.11
(24) Underwriting expenses	
A. Commissions	0.236
B. Taxes	0.015
C. General expenses and other acquisition expenses	0.153
D. Total expenses = (A)+(B)+(C)	<b>0.405</b>
(25) Permissible loss ratio (1.0-(23)-(24))	<b>0.485</b>

<b>Markel American Insurance Company</b>						
<b>Competitor Return on Surplus</b>						
<b>Five Year Analysis</b>						
(Source: <i>Best's Key Rating Guide, Property-Casualty</i> , 2010 Edition)						
			(000)	(000)		
			Total Admitted	Policyholder	Return on	
Group	Company	Year	Assets	Surplus	PHS	Wt. Avg
Aegis Security Insurance Group	Aegis Security Insurance Co.	2006	75,910	36,290	9%	9%
Aegis Security Insurance Group	Aegis Security Insurance Co.	2007	78,029	38,876	11%	
Aegis Security Insurance Group	Aegis Security Insurance Co.	2008	68,863	37,463	2%	
Aegis Security Insurance Group	Aegis Security Insurance Co.	2009	62,368	39,496	11%	
Aegis Security Insurance Group	Aegis Security Insurance Co.	2010	77,392	42,147	12%	
Hartford Insurance Group	Hartford Ins. Co. of Midwest	2006	297,359	189,930	11%	10%
Hartford Insurance Group	Hartford Ins. Co. of Midwest	2007	325,940	213,511	11%	
Hartford Insurance Group	Hartford Ins. Co. of Midwest	2008	355,996	240,152	10%	
Hartford Insurance Group	Hartford Ins. Co. of Midwest	2009	383,026	264,706	9%	
Hartford Insurance Group	Hartford Ins. Co. of Midwest	2010	422,691	309,593	8%	
MetLife Auto & Home Pool Grp.	Metropolitan Group P&C Ins. Co.	2006	381,524	259,573	5%	5%
MetLife Auto & Home Pool Grp.	Metropolitan Group P&C Ins. Co.	2007	390,155	277,195	5%	
MetLife Auto & Home Pool Grp.	Metropolitan Group P&C Ins. Co.	2008	402,631	300,022	4%	
MetLife Auto & Home Pool Grp.	Metropolitan Group P&C Ins. Co.	2009	390,012	298,411	5%	
MetLife Auto & Home Pool Grp.	Metropolitan Group P&C Ins. Co.	2010	394,430	308,042	4%	
Nationwide Group	Nationwide Insurance Company of Am	2006	114,976	81,553	7%	5%
Nationwide Group	Nationwide Insurance Company of Am	2007	134,108	86,517	6%	
Nationwide Group	Nationwide Insurance Company of Am	2008	197,555	90,119	5%	
Nationwide Group	Nationwide Insurance Company of Am	2009	241,988	96,832	6%	
Nationwide Group	Nationwide Insurance Company of Am	2010	261,650	99,608	4%	
Progressive Insurance Group	Progressive Casualty Ins. Co.	2006	5,588,120	1,592,701	48%	28%
Progressive Insurance Group	Progressive Casualty Ins. Co.	2007	4,772,594	1,253,867	29%	
Progressive Insurance Group	Progressive Casualty Ins. Co.	2008	4,835,148	1,214,505	-19%	
Progressive Insurance Group	Progressive Casualty Ins. Co.	2009	4,880,989	1,361,684	40%	
Progressive Insurance Group	Progressive Casualty Ins. Co.	2010	4,800,527	1,333,462	35%	
St. Paul Travelers Companies	Travelers Casualty & Surety Co.	2006	14,358,337	4,458,094	30%	25%
St. Paul Travelers Companies	Travelers Casualty & Surety Co.	2007	15,376,977	5,408,584	29%	
St. Paul Travelers Companies	Travelers Casualty & Surety Co.	2008	14,960,247	5,222,788	19%	
St. Paul Travelers Companies	Travelers Casualty & Surety Co.	2009	15,754,091	6,197,926	25%	
St. Paul Travelers Companies	Travelers Casualty & Surety Co.	2010	15,034,564	5,439,762	21%	
USAA Group	USAA Casualty Insurance Co.	2006	5,724,191	2,495,658	22%	12%
USAA Group	USAA Casualty Insurance Co.	2007	6,040,602	2,849,363	13%	
USAA Group	USAA Casualty Insurance Co.	2008	6,371,217	3,133,241	9%	
USAA Group	USAA Casualty Insurance Co.	2009	6,816,526	3,533,066	12%	
USAA Group	USAA Casualty Insurance Co.	2010	7,241,900	3,660,772	9%	
			137,612,633	52,465,509		
			<b>All Company Average</b>			<b>20%</b>